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DOS review completed

GENERAL

1. Preliminary reactions to President's address--US Missions report that the democratic press throughout the world has enthusiastically received President Truman's 17 March address. US Legation Helsinki reports that the speech has strengthened the will of the Finnish Government, Diet, and people to resist the full Soviet treaty demands. The Associate Secretary-General of the Swedish Foreign Office has expressed to US Minister Matthews his confident opinion that the speech was "a great shock" to the Soviet Government. The Swedish official believes, however, that the recent statements of Henry Wallace may be given undue importance by the USSR and European Socialists. US Ambassador Smith in Moscow deduces from Molotov's unusually pale and weary appearance on 18 March that the President's address was the subject of an all-night Politburo conference.
2. Canada and France support UN membership for Italy--The US delegation to the UN has learned that France will support the US in another effort to obtain Security Council approval of Italy's application for UN membership. US Embassy Ottawa reports that Canada also supports this move.
(CIA Comment: The prospects for obtaining majority support for Italy's application now appear to be good.)
3. US supports neither UK nor Argentine claims in Falklands-- The Department of State has instructed US Embassy Buenos Aires to inform the Argentine Government that the US: (a) does not intend to support the Falkland Island claims of either the UK or Argentina; (b) believes that the dispute should be settled under principles of international law; and (c) will take no action which might weaken the vital contribution of the UK in collaborating with the US against totalitarian elements.

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EUROPE

4. **AUSTRIA: Suggested US policy objectives in Austria--**The US delegate to the Austrian treaty negotiations in London has suggested that if these negotiations break down, the following policy objectives should be considered: (a) maintenance of the Allied Council's authority; (b) more autonomy and responsibility for the Austrian Government under existing provisions of the control agreement; (c) assurance that the Austrian cause has not been abandoned by the western powers because of the breaking-off of the treaty negotiations; and (d) encouragement of continued Austrian participation in "all plans designed for the greater unity of western Europe."

US to seek ending of Austrian treaty talks--The Department of State concurs in the view of the Austrian treaty delegation in London that efforts should now be made to terminate the negotiations, possibly before 28 March. The US deputy in London reports that the USSR is obviously prepared to make token concessions only for the purpose of prolonging the discussions.

FAR EAST

5. **CHINA: National Government approaching crisis--**US Embassy Nanking reports that the political and military disintegration of the National Government is "now rapidly approaching the long-expected climax." The Embassy adds that, "although we cannot see the Generalissimo voluntarily relinquishing his power, almost anything can happen."

(CIA Comment: The deterioration of the Nationalist position in Manchuria, recent Nationalist defeats in North China, Chiang's publicly-expressed pessimism regarding the prospects for suppressing Communist forces in Central China, and the spectacular rate of disintegration in the economic field all point to an impending crisis for the National Government. The full implications of this crisis may be revealed in Kuomintang Central Executive Committee meetings which begin on 20 March.)

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